

MEMORANDUM

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APPROVED
10/14/93
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TO: BOSTON REDEVELOPMENT AUTHORITY AND
PAUL L. BARRETT, DIRECTOR

FROM: JOSEPH NOONAN, ASSISTANT DIRECTOR FOR
ADMINISTRATION AND FINANCE
MARC WEBB, DIRECTOR OF OPERATIONS
PAUL REAVIS, ASSISTANT DIRECTOR FOR
ENGINEERING AND DESIGN SERVICES

SUBJECT: BUDGET APPROVAL FOR FISCAL YEAR 1994

**EXECUTIVE
SUMMARY:**

Herewith is submitted the FY94 Budget which includes the FY94 Work Program, Capital Budget and Operating Budget. This plan and budget are designed to allocate adequate resources for the attainment of the key policy objectives.

The Work Program presents in detail the programs which the BRA will work on during FY94 and the responsibilities of each of the operating departments. The Capital Budget tracks 26 projects in FY94. Of these projects five are in construction, three are in design and three are in program development. The remaining 15 are in the close out phase. The Operating Budget allocates \$12,884 million in funds for FY 94 operations. Staffing is projected to be at 155 employees by the end of the year.

WORK PROGRAM: KEY INITIATIVES

Massachusetts is just now beginning a slow recovery from the recession that began in 1989. Between 1989 and 1992 Massachusetts lost one out of every eight private payroll jobs. Boston is leading in the general economic recovery, and must build a foundation for an acceleration of economic growth in the coming years.

The management of growth and the facilitating of economic activity, the primary responsibilities of the BRA, take on even greater significance during periods of economic decline. The BRA must continue to be mindful of tax base expansion as an important element of its mission. Expanding the city's tax base is necessary to

provide continuing support for the City as reductions in state aid threaten vital services.

As a result, the policy goals of the BRA have been revised in a way which focuses upon the industries in which there will be continued growth during the next five years. A strategy for recovery and growth of the Boston economy is the centerpiece of the FY94 work program of the BRA.

This strategy focuses on:

- **Job creation in technology-based industries.**
- **Development and growth of institutions of higher education, hospitals, medical research institutions and the biotechnology industry.**
- **Development of new sports and cultural facilities, and the hospitality industry.**
- **Implementation of large-scale infrastructure investment projects and the City's capital plan.**
- **Development of new businesses and services, including banking and financial services, in minority communities.**

Boston's development boom during the 1980s brought real fiscal benefits to the City, allowing it to maintain a high level of services to residents. Since 1984, construction development has added over \$113 million to Boston's annual property tax revenue as of fiscal year 1993, and will add even more in this new fiscal year. This cumulative, annually recurring fiscal resource constituted 18.1 percent of the city's FY92 property tax levy last year, up from 13 percent in FY89 and 4.1 percent in FY85. In addition, Boston received \$85 million in Building Permit revenues between FY85 and FY92.

The \$113 million earned by new real estate development accomplished between January 1984 and January 1991 is nearly three times the total taxes billed to all single-family homes in the city. It is also more than double the taxes paid by all industrial property in the city. The fiscal dividend of economic development is a major reason that commercial property in Downtown Boston (wards 3 and 5) shouldered 40% of total Boston property taxes in FY93, compared to 27 percent in FY84.

KEY OBJECTIVES

1. PROMOTING ECONOMIC DEVELOPMENT PROJECTS

The major economic development projects which the BRA promotes, both publicly and privately developed and financed, are the engines which drive economic growth in the

City. Working closely with the community and the project proponents to consider the impacts of major development is critical to the success of these efforts. Key projects for FY94 include the following:

Downtown/Midtown

- South Station Technopolis
- Tufts University Development Corporation
- The Custom House
- Lafayette Place Mall
- Jordan Marsh
- China Trade Building
- Hinge Block
- 110 and 120 Tremont Street
- 180 Tremont Street
- Midtown District Improvements

Waterfront/Charlestown Navy Yard

- Yard's End
- Spaulding Rehabilitation Hospital
- New Gate 6
- Medford Street Bypass Road
- Removal of Hazardous Waste from the Charlestown Navy Yard
- Courageous Sailing Center

Crosstown Neighborhoods

- Ruggles Center
- Digital Equipment Corporation
- School Track Facility
- Parcel P-3 Retail Mall
- Boston State Hospital,
- New Dudley Street Phase II
- Fort Point Channel Public Realm Plan
- Convention and Sports Center (Megaplex)

2. EXPANDING BOSTON'S BIOMEDICAL RESEARCH INDUSTRY AND PLANNING FOR APPROPRIATE INSTITUTIONAL EXPANSION

Boston's medical and educational institutions will substantially enhance their competitiveness and growth capacity over the next several years with a large pipeline of development construction projects. In FY94 the BRA will continue to work closely with the institutions in planning for future growth and expansion.

In the next 5 years construction will continue on projects such as hospital clinical facilities, research laboratories, university dormitories, and classrooms. In addition, there will be spin-off private construction for biotechnology and other companies.

- **English High School**
- **Dana Farber**
- **New England Deaconess**
- **Harvard School of Public Health**
- **Northeastern University Engineering Sciences Laboratory**
- **The Tufts International Research Center**
- **Biomedical Research Center at CNY**
- **Spaulding Rehabilitation Hospital**

3. HOUSING PRODUCTION

The BRA continues to dispose of its properties for housing development and work with the mortgage industry to ensure that equal access to mortgage credit opportunities is provided to Boston residents. This use of BRA property reduces the otherwise significant costs of construction, allowing the development of affordable units throughout the City. The affordable housing production programs also serve to increase opportunities for minority and community-based development teams. FY94 projects will produce nearly 500 housing units, of which 350 will be affordable.

- **Building 104**
- **Lowell Square**
- **Lewis Mall**
- **Oak Terrace**

4. CONSTRUCTION OF PUBLIC INFRASTRUCTURE MEGAPROJECTS

Public infrastructure investment will continue to expand the City and regional economy by generating a flow of jobs and income. Construction of these projects will also help to mediate the conflicts that can arise between encouraging economic development and protecting the City's quality of life.

State infrastructure investment and the City Capital Plan projects going on during FY94 include the Central Artery depression, the Third Harbor Tunnel and Seaport Access Road, the Boston Harbor clean-up, reconstruction of state roads and bridges, the Logan Airport modernization, and public schools and state buildings. Over the next 15 years, the nearly \$10 billion of capital projects in Boston will create 70,000 full-time equivalent construction jobs, and twice as many secondary jobs. These and related public capital expenditures will help to modernize and improve the infrastructure of the City and State and its capacity to support and encourage growth. The full economic impact, with these wages spent in area stores and service

establishments, will have a significant positive impact on the economy of Boston and the region.

- South Boston Piers Transit
- Central Artery Plan and Zoning
- High Speed Rail Link Boston to New York City
- Circumferential Transit

5. COMPLETING THE REZONING OF BOSTON'S NEIGHBORHOODS

New zoning has been designed to reflect current land use conditions and future planning objectives. It codifies and facilitates citywide planning policies. These policies include: protecting and enhancing the public realm, including open space, urban design quality, and historic resources; protecting our residential districts; providing affordable housing for Boston's residents; balancing growth and neighborhood benefits; and directing economic development to appropriate underutilized sites in neighborhoods that will benefit from job production and an expanded economic base.

One of the primary activities of the BRA has been to identify priority growth areas in the city and take the critical step of establishing these areas as **Economic Development Areas** in the Zoning Code. This step provides a clear message to the development community so that the sites are "ready to go" from a regulatory perspective. South Station, North Station, Yard's End at the Charlestown Navy Yard, Dudley Square, Allston Landing, McClellan Highway, Saratoga Street and Suffolk Downs are among the EDAs that have already been zoned.

An integral part of the rezoning process that is now underway is the development of institutional master plans and procedures for the city's major educational and medical institutions. In Allston-Brighton, where many of these institutions are located, the institutional zoning is complete and master plans have been developed. In the **Longwood Medical Area**, the overall LMA plan and zoning are well underway and should be completed by December 1993. We are working with individual institutions in the LMA to complete their own Master Plans.

For those districts where new zoning has been adopted, it has proven to be highly effective in achieving our goals. One of the most recently publicized economic development projects that demonstrates the effectiveness of our effort is the development of the Genzyme biotech manufacturing project at Allston Landing. This site was established through the Allston-Brighton Neighborhood District Zoning as an Economic Development Area (EDA) with emphasis on uses that provide jobs in the biotechnology industry. There are numerous other less visible, but cumulatively important, examples of the success of the new zoning in promoting appropriate as-of-right uses and prohibiting or reshaping undesirable projects.

As of this September, permanent zoning for the **Harborpark Districts**, with the exception of Fort Point Channel, is complete and provides regulations to assure public access along the length of the City's shoreline and promotes an active working harbor. Nearly all of the Downtown zoning is complete, with new zoning adopted for 10 districts, one district draft under review, and two districts in the planning stage.

To date, **new permanent zoning** has been adopted for seven neighborhood zoning districts, comprising 60 percent of the entire city. The development of these new zoning articles involved the formulation of new policies and regulations on such issues as design standards and review, institutional development, site plan review, and neighborhood economic development areas, as well as a complete block-by-block survey of existing uses and dimensions. The completion of each neighborhood district article has established zoning tools that can be used to solve similar issues in the remaining neighborhood districts. Currently, the completion of three additional neighborhood districts is projected for the end of 1993, with an additional seven in 1994. The rezoning of all neighborhoods is projected for the end of 1995. In FY94 the BRA will continue its neighborhood-based planning in the following areas:

- Longwood Medical Area
- Mission Hill
- West Roxbury Neighborhood District
- South End Neighborhood District
- Dorchester Neighborhood District
- Mattapan Neighborhood District
- South Boston Neighborhood District
- Charlestown Neighborhood District

In addition to developing new zoning, the BRA is in the process of issuing an updated edition of the existing **Zoning Code**. This edition will incorporate all amendments made to the Zoning Code since the last edition (1988), in order to provide the public with more efficient access to the city's zoning regulations.

6. IMPLEMENTATION OF WALSH COMMISSION RECOMMENDATIONS

Major progress has been made by the BRA toward implementing the recommendations of the Walsh Commission which were released in April 1993 in its final report, The Boston Advantage.

- Coordinating and streamlining the various development review requirements and procedures that have evolved over the past several years is vital to promoting economic development. The BRA has completed a working draft of a **New Development Review Article** (Article 80) that combines and streamlines the development review requirements and public review process. Its objective is to reduce redundancies and unnecessary complexities while not compromising the important role that the public and the architectural, preservation, planning, and environmental commissions and boards play in the development review process. This Article recognizes the appropriate difference between large-scale and small-scale review processes and sets out reasonable time periods and requirements for both that assure adequate agency and public review without unnecessary delays. We expect to provide a draft article for public review and comment within thirty days, and are updating the Development Review User Guide that accompanies the zoning article.
- A major element of the Walsh Commission Report is the **promotion of the Boston Advantage** in economic development. The creation of a unified citywide economic development strategy is particularly important now, when Boston needs to attract diverse commercial activities by proactively marketing our advantages, coordinating growth management, and identifying and facilitating infrastructure improvements necessary to accommodate this growth. The BRA has been active in establishing an economic development strategy, for example, through our planning in the Crosstown area where we are targeting growth in the biotech, medical research, health care, and educational industries; through establishment of Economic Development Areas; and through the planning of critical infrastructure improvements, particularly the Crosstown Transit Line. We recognize the importance of marketing economic development opportunities in Boston and the region and working with neighboring communities and the State to attract business to the regional core.
- Restructuring and, where appropriate, joining the City's economic development functions are critical measures for promoting a unified economic development strategy. Having one agency responsible for economic policies and development should facilitate this objective. The BRA has accomplished a major legal and functional step in the **EDIC/BRA merger** with the management agreement executed between the Economic Development and Industrial Corporation (EDIC) and the BRA, with the BRA Director serving as the Chief Executive Officer of EDIC. Projects in the Boston Marine Industrial Park and other EDIC locations are moving forward successfully with coordinated management. Legislation which would merge the two agencies has been filed with the State Legislature and has been reported out of its Joint Committee on Local Affairs. It is now awaiting action in the Senate. Under the proposed legislation, EDIC would be governed by the BRA Board of Directors and administered by the BRA Director.

- The Walsh Commission has made several recommendations regarding **the City's working relationship with the Commonwealth**. The diverse work of the BRA in promoting economic development is conducted in the context of Boston's leadership role as the economic engine for the metropolitan and New England regions. Among other activities, this work includes the promotion of advanced technology economies; planning which directs diverse economic activities to underutilized areas of the city; the proposed Crosstown Transit system, which is critical to economic growth in the core of the metropolitan region; coordination and streamlining of projects that involve both City and Commonwealth review; extensive work with the Metropolitan Area Planning Council in developing the Metropolitan Plan 2000 economic growth policies and infrastructure needs; and the establishment of Economic Development Areas that can be targeted for venture capital funds and other resources available to potential State Economic Opportunity Zones. We will continue to work with the metropolitan and New England regions in promoting and facilitating economic growth that benefits our residents.

THE OPERATING BUDGET

Budget Highlights Fiscal 1994

This operating budget allocates resources to achieve policy goals. It emphasizes the objectives described in the Work Program and reflects the policy goals established by the Mayor, Members of the BRA Board, and the community.

The fiscal 1994 budget is projected at \$12.844 million which reflects a 7% decrease or \$1 million from fiscal year 1993. This is the sixth consecutive year that the BRA has reduced its budget.

The major components of the operating budget are as follows:

Revenue

Rental, Lease and Equity Participation is projected at \$12.539 million. This represents revenue generated from BRA owned land and buildings. Pending development, rental properties are held by the BRA and income derived from rent is used to offset the cost of maintaining properties.

- Rental income is budgeted at \$1.45 million. Income from leases and equity participation is projected at \$2.2 million. These revenues are generated from long term leases and proceeds from the sale or refinancing of these properties.
- Project Income of \$8.794 million will be derived from the sale of BRA owned land and buildings.

- Other Income of \$400,000 includes interest income, grants, 121A amendments, and miscellaneous fees received from the sale of books, publications and maps.

Expenses

The \$12.884 million BRA cost of operations for FY94 includes \$9.759 million or 76% for personnel and \$2.895 million or 24% for non personnel expenses.

- Personnel Costs include salaries and employee benefits and are budgeted at \$9.759 million. Benefits are budgeted at \$2.585 million and provide for pension, health, life insurance and workers compensation. Personnel Costs also include \$169,000 for support of City agencies and \$45,000 for the maintenance of the Custom House Tower. There are 160 staff positions being funded for fiscal year 1994.
- Occupancy Costs amounts to \$575,000 and includes the rental of space in the Charlestown Navy Yard and at 185 State Street.
- Property Management Services are budgeted at \$1.14 million and represent those costs required to maintain and secure BRA properties, including the Charlestown Navy Yard and the Custom House Tower. The Custom House cost of \$190,000 is based on the assumption that disposition of the property will take place within the next six months.
- Administrative Costs amount to \$845,000 and represents those costs needed to support BRA activities. They include costs for Federal and independent audits, telephone equipment and service, as well as printing, and data processing costs.
- Contractual Costs are projected at \$525,000 and include costs for legal, real estate appraisals, planning and development programs.

CAPITAL BUDGET

A year end assessment of the Capital Improvement Projects Program undertaken by the Boston Redevelopment Authority during fiscal 1993 demonstrates substantial progress towards the goals of economic growth and the stabilization of Boston's tax base, neighborhood preservation, and improving the quality of life throughout the City. As we enter fiscal year 1994, we are at the closeout stage for street and sidewalk work in Charlestown and the reconstruction of a public park in the South End.

During the past year, the engineering and design of public improvements to support the revitalization of the Custom House also moved ahead, with the award of a contract to Pressley Associates. The air rights component of the South Station redevelopment moved closer to reality in the past year, with the awarding by the Massachusetts Bay

Transportation Authority of a contract for the construction of the second phase of the project, the bus terminal. Upon completion of the terminal, the "South Station Technopolis" can then proceed.

Finally, the BRA moved ahead during fiscal 1993 with innovative plans to improve the physical structure of the non-profit Courageous Sailing Center, headquarters upon Pier 4 in the Charlestown Navy Yard and utilized at no charge by the City's youth to learn the elements of sailing, seamanship and team effort each year.

As we look ahead to work planned for fiscal 1994, we expect significant activity within the Charlestown Navy Yard, including stabilization of historic buildings within the Yard, environmental remediation work conducted through a joint effort with the United States Army Corps of Engineers, and design of a new Gate 6. The Gate 6 project will provide a new entrance to the Navy Yard by removal of a wing of Building 114 and the extension of Sixteenth Street to Chelsea Street. The project is planned in concert with expansion of Biomedical Research Facility and parking at Yard's End. Gate 6 will improve access to the planned Medford Street By-Pass Road which will remove truck and through traffic for local streets in Charlestown. All of this work is intended to maximize the Navy Yard's remaining development potential, especially at Yard's End. During 1994 we expect to make major strides toward reality of the Medford Street "Haul Road" by awarding a contract for the actual design of the road.

This undertaking will require close cooperation among the BRA the designers, community residents, property owners and various levels of government. Finally, the construction of Parcel 18 Plaza, planned in conjunction with the City of Boston's first parcel to parcel linkage program will commence this year, as the Registry of Motor Vehicles occupies its new quarters along the Southwest Corridor in Roxbury.

Moreover, we are currently completing one of the largest public improvement projects ever undertaken by the BRA, the complete reconstruction of 26 streets in Charlestown. This project involves close and highly intricate coordination by the BRA with the Boston Water and Sewer Commission, the ongoing Central Artery North Area effort and major public utility companies. While in the midst of this ambitious street reconstruction project and with the aid of the BRA's community liaison to Charlestown, the community petitioned the Mayor to add four adjacent streets to this project. This fall, with funding from the Office of Capital Planning, the BRA will seek bids for an additional eleven streets in the project area.

An appropriate vote follows:

VOTED: That the Fiscal Year 1994 Operating Budget is approved in the amount of \$12.844 million.